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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

COUNTY OFFICE PROCEDURE IN CONNECTION WITH UNDELIVERED
OR LOST CHECKS AND THE PREPARATION OF ADJUSTMENT VOUCHERS
AND CLAIMS WITH REGARD TO COTTON MARKETING QUOTAS



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SECTION I - GENERAL

A. Applicability. The procedure outlined herein is for use in connection with undelivered or lost checks and the preparation of adjustment vouchers on Standard Form 1047 with regard to the cotton marketing quota program. The procedure regarding the handling of claims for the proceeds of checks relates to those claims for which Standard Form 1055 is used as provided herein and not claims for penalties erroneously, illegally, or wrongfully collected and covered into the general fund of the Treasury.

B. Register of Indebtedness. In cases where a producer's name is entered on the county office register of indebtedness in accordance with this procedure, the State office shall be notified immediately.

SECTION II - RETURNING UNDELIVERED CHECKS TO THE REGIONAL DISBURSING OFFICE

A. Reasons for Returning Checks.

1. If for one or more of the reasons enumerated below a check which has been issued in connection with any refund on Standard Form 1047 of cotton marketing quota collections (hereinafter referred to as payment) cannot be delivered, the check should be returned to the Regional Disbursing Office (hereinafter referred to as DO) from which issued.
 - (a) The check remains undelivered (for any reason) for a period of 21 days after the receipt thereof.
 - (b) The payee refuses to accept the check.
 - (c) The amount of the check is not in agreement with the amount of payment as shown on the copy of the voucher received from the DO with the check.
 - (d) The amount of the check is in excess of that due the payee.
 - (e) The name of the payee is written incorrectly or is erroneously placed on the check.
 - (f) The payee is deceased or has been adjudged incompetent.
 - (g) Another check, representing the same payment, has been previously received . 1/

1/ In such cases the letter of transmittal shall, in addition to the information specified in subsection B below, set forth the number of the check originally received representing this payment and the serial number of the voucher on which the original check was listed.

B. Transmittal to DO

1. Each check which is returned to the DO must be accompanied with a separate letter setting forth
 - (a) The DO symbol number,
 - (b) The check number,
 - (c) The name of the payee,
 - (d) The amount of the check,
 - (e) The date of issuance of the check,
 - (f) The serial number of the refund voucher,
 - (g) The farm serial number in connection with which the payment was made, and
 - (h) The reason, or reasons, for returning the check.
2. The treasurer of the county association should forward to the State office a copy of the letter which accompanies the check to the DO, and if the payee was entitled to only a part or none of the proceeds of the check or the name of the payee is incorrectly written or is erroneously placed on the check, a copy of the farm account (for the 1939-1940 marketing year, form Cotton 317; for 1940-1941 marketing year form Cotton 450 or 450-A shall be forwarded to the State office.
3. A copy of the letter should be filed in the farm folder or filed in a binder by farm serial number.

SECTION III - REQUESTING DELIVERY OF CHECKS RETURNED TO DO

A. Check that may be delivered.

1. A payee may request the delivery of a check returned to DO for one of the following reasons:
 - (a) Delivery of the check could not be effected within 21 days after receipt thereof; or
 - (b) The payee refused to accept the check.

B. Request for delivery of Check to Payee.

1. If a payee desires to request delivery of a check, he should submit a written request therefor over his signature

to the State office, through the county office for the county in which the original voucher was submitted, setting forth

- (a) The serial number of the voucher,
- (b) The amount of the check,
- (c) A representation that he is entitled to the payment,
- (d) His present address, and
- (e) The serial number of the farm in connection with which the payment was made.

2. The association secretary or a member of the county committee should certify that the person presenting the claim is entitled to the payment and that his address is correctly stated.

SECTION IV - CHECKS ERRONEOUSLY DELIVERED

A. Error Discovered Prior to Negotiation of Check.

1. If a check has been delivered but has not been negotiated and it is determined that
 - (a) The check is in excess of the amount due, or
 - (b) The name of the payee is incorrectly written or is erroneously placed on the check, or
 - (c) Another check representing the same payment has been previously received and delivered, a written request for the return of the check to the association treasurer should be sent to the payee and a copy of such request forwarded to the State office. If the check is returned, it should be handled as provided in Section II hereof.
2. If the person in possession of the check fails or refuses to return the check, such person, if entitled to none of the proceeds of the check, should be requested in writing to refund the amount of the check. A copy of such request, together with a copy of the farm account (for the 1939-1940 marketing year, form Cotton 317; for the 1940-1941 marketing year, form Cotton 450 or 450-A), shall be forwarded to the State office. In cases where the payee is entitled to a part of the proceeds of the check, a copy of the farm account shall be forwarded to the State office and the amount of the overpayment due will be determined by the State office on the basis of such copy, and the State office will request such person to refund the amount of the overpayment. A copy of such request will be forwarded to the county office.

3. If such person fails or refuses to comply promptly with the request for refund, his name shall be placed on the county office register of indebtedness.

B. Error Discovered Subsequent to Negotiation of Check.

1. If a check has been delivered and negotiated and it is determined that
 - (a) The check is in excess of the amount due, or
 - (b) The name of the payee is incorrectly written or is erroneously placed on the check, or
 - (c) Another check representing the same payment has been previously received and delivered, the person to whom the check was delivered, if entitled to none of the proceeds of the check, shall be requested in writing to refund the amount of the check and a copy of such request together with a copy of the farm account shall be forwarded to the State office. In cases where the payee is entitled to a part of the proceeds of the check, a copy of the farm account shall be forwarded to the State office, and the amount of the overpayment due will be determined by the State office on the basis of such copy and other information furnished by the county office. The State office will request such person to refund the amount of the overpayment and a copy of such request will be forwarded to the county office.
2. Refund of the amount of the payment should be in the form of a post office money order, certified check, bank draft, or cashier's check, made payable to the Treasurer of the United States. (Personal checks, however, will be accepted.) When the remittance is in the form of a post office money order, the address to be shown thereon will be that of the DO. In all cases the remittance should be forwarded to the State office accompanied with a statement by the association treasurer, in duplicate, setting forth
 - (a) The name of the person making the refund,
 - (b) The serial number of the farm with respect to which the payment was made, and
 - (c) The serial number of the voucher pursuant to which the payment was made.
3. If the person to whom a check has been delivered fails or refuses to refund promptly the amount requested, his name shall be placed on the county office register of indebtedness.

C. To Person other than Rightful Payee.

1. If a check is erroneously delivered to and negotiated by a person other than the rightful payee, the association treasurer should immediately (by wire, if necessary) request the DO to stop payment thereon. Such request should set forth the information outlined in subparagraphs (a) through (e), paragraph 1, subsection B of section II hereof.
2. If payment on the check is stopped, the check should be delivered to the rightful payee as soon as it has been returned through the endorsers and redeemed by the person who erroneously negotiated it. The DO should then be advised to remove the "stop payment" on the check.
3. If the request for "stop payment" is not received by the DO prior to the time of acceptance of the check for payment, or if for any other reason the erroneously delivered check is paid by the Treasury Department, the rightful payee of the check may file claim for the amount thereof by filing a complete statement of the circumstances of the case with the county office for transmittal to the State office. The statement must contain the data outlined under subparagraphs (a) through (g), paragraph 1, subsection B of section II hereof, and in addition the claimant shall state that he did not receive the original check or the proceeds thereof and did not participate in the wrongful negotiation of such check.

D. Collections.

1. The association treasurer, association secretary, or county committee may adopt any reasonable course of action to collect the amount of the wrongfully negotiated check from the person to whom such check was erroneously delivered. Any amount collected shall be forwarded to the State office in accordance with instructions set forth in paragraph 2, subsection B hereof.

SECTION V. - LOSS, THEFT, DESTRUCTION, OR FORGERY OF U.S. TREASURY CHECKS

A. Notices to DO.

1. Whenever a check is lost, stolen, destroyed, or an endorsement thereon is forged, the payee, or the association treasurer, if the loss, theft, or destruction occurred while the check was held in the county office, should immediately notify the DO over his signature and address, requesting that payment of the check be stopped and giving, if possible, the following information:

- (a) The number of the check,
- (b) The amount for which the check was drawn,

(c) The date of issuance of the check, and
(d) The DO symbol number under which the check was drawn.

2. A signed copy of the notice prepared in accordance with paragraph 1 above should be forwarded to the regional office of the United States Secret Service. (The address of such regional office will be furnished by the AAA State Office.)

B. Recovery of Check.

1. If the check is recovered, the person who requested stoppage of payment should in a like manner request removal thereof. Such check should not be negotiated until one week after such notice is mailed to the DO. If a duplicate check is issued prior to the recovery of the original check, the original check should be returned to the DO. This matter is within the exclusive jurisdiction of the Treasury Department and every case thereunder, without exception must be referred by the association treasurer directly to the DO.

SECTION VI - WHERE AMOUNT OF CHECK IS LESS THAN AMOUNT DUE

A. Delivery of Check.

1. A check issued for an amount less than that due may be received and negotiated by the payee.

2. The payee should be advised that the act of receiving and negotiating the check under the circumstances recited in paragraph 1 above will not affect his right to file a claim for the balance due.

3. Whenever the amount of the payment as shown on the related voucher and the check do not agree, the check must be returned to the DO in accordance with the instructions contained in section II hereof regardless of the fact that the amount of the check may be less than the amount due.

B. Due to Overpayment to Another Producer on the Farm.

1. If the amount of the overpayment is recovered, the producer entitled to payment may be paid pursuant to the procedure set forth in section VII hereof.

C. Due to Transfer of Excessive Amounts into General Fund of the Treasury.

1. If the underpayment was due to the transfer of an excessive amount into the penalties account, the payee may file claim on form Cotton 329 in accordance

with the procedure for filing claims for penalties erroneously, illegally, or wrongfully collected.

SECTION VII - WHERE AMOUNT OF CHECK IS IN EXCESS OF AMOUNT DUE

A. Check has been returned to DO.

1. If the Treasury check has been returned to the DO, the State office will take steps to cancel the check and restore the amount thereof to the special deposits account and notify the county office of the action taken. The county committee shall determine whether the payee of the canceled check or any other producer on the farm is entitled to any part of the funds represented by the check. If the payee or any other producer is not entitled to any part of the funds represented by the check, the State office shall be notified by letter (identifying the check by number, serial number of the voucher, and the farm serial number) of such fact and, if the amount thereof represents penalties incurred, the State office shall also be advised to transfer the amount to the penalties account, 122450. A copy of such letter shall be attached to the county office copy of the Refund Voucher, Standard Form 1048, pursuant to which the check was issued. If the payee or any other producer on the farm is entitled to any part of the funds represented by the check, an adjustment voucher on Standard Forms 1047 and 1048 shall be prepared in accordance with the procedure in connection with which the original Standard Form 1047 was prepared, except that

- (a) The serial number of the adjustment voucher shall be the same as that on the original voucher and followed by the notation "adj."
- (b) Enter after the word "To" the name of the person entitled to receive all or part of the amount represented by the canceled check. If more than one person is entitled, enter the name of one person only followed by the words "et al.", and in such case form Cotton 325 will be prepared in accordance with the regular procedure except as indicated in paragraph (h) of this subsection A1.

(c) Enter after the words "Amount of deposit \$ _____" the amount of the canceled check.

(d) Enter after the words "Applied as explained in 'Remarks' below" the amount of the canceled check to be transferred to the penalties account.

(e) Make no entry after the words "Standard Form 1046-Revised, No.", as this will be inserted by the State office.

(f) Enter after the words "Balance authorized to be refunded" the amount of the canceled check to be refunded to producers, including the payee of the canceled check.

(g) Make no entry in the space under the words "Schedule," "Period," and "Amount," as this will be filled in by the State office.

(h) If more than one person is entitled to receive a part of the amount represented by the canceled check, form Cotton 325 shall be executed in accordance with the procedure for making refunds and transfers of marketing quota collections, except that

- (1) The administrative number, which is the same as the serial number of the Standard Form 1047, shall be followed by the notation "Adj."
- (2) The amount to be entered in column 2 opposite each producer's name will be that part of the amount of the canceled check which the county committee determines represents collections on behalf of the producer. The total of column 2 should exactly equal the amount shown on the related Standard Form 1047 opposite the words "Amount of deposit \$ _____."

B. All or part of the Excess Payment has been Refunded or Collected by Set-off.

1. If any part of the excess payment has been refunded or collected by set-off, or both, the State office will restore the amount thereof to the special deposits account and notify the county committee of the action taken and the schedule number of the Standard Form 1044-Revised, or in case of a collection by set-off, the serial number of Standard Form 1096. Upon the receipt of notice of such action, the county committee shall determine whether any producer on the farm is entitled to any part of such amount. If no producer is entitled to any part of the amount, the State office shall be notified by letter (identifying the remittance, by name of the remitter, the amount, and the schedule number of Standard Form 1044-Revised or 1096 and the serial number of the voucher on which the overpayment was made) of such fact and, if the amount thereof represents penalties incurred, the State office shall also be advised to transfer the amount to the penalties account, 122450. A copy of such letter shall be attached to the county office copy of the Refund Voucher, Standard Form 1048, pursuant to which the overpayment was made.

If any producer on the farm is entitled to any part of the amount refunded or collected by set-off, an adjustment voucher on Standard Forms 1047 and 1048 shall be prepared as provided in subsection A of this section VII, except that the amount of money to be covered by the voucher (the amount to be entered after the words "Amount of deposit \$ _____") will be the amount of the remittance or the amount collected by set-off, or both.

SECTION VIII - WHERE NAME OF PAYEE IS INCORRECTLY WRITTEN OR ERONEOUSLY PLACED ON CHECK

A. The State office will take steps to cancel the check and restore the amount to the special deposits account and notify the county office of the action taken. Upon receipt of such notice, an adjustment voucher, showing the correct name of the payee, should be prepared in accordance with instructions set forth in section VII hereof.

SECTION IX - ADJUSTMENT VOUCHERS

A. Cases where Adjustment Vouchers will be Prepared.

1. An adjustment voucher should be prepared and submitted

to the State office where any one or more of the following conditions resulted:

- (a) A person was overpaid and the Treasury check has been returned or the amount of the excess has been refunded or collected by set-off.
- (b) A person was underpaid and there still remains in or there has been deposited in the special deposits account sufficient funds received in connection with the farm to pay any part of the remaining amount due. (See paragraph 1 of subsection B of section VI hereof.)
- (c) The name of the person on the check is written incorrectly or is erroneously placed on the check due to an incorrect voucher and the check has been returned to the DO and has been canceled.

B. Preparation of Adjustment Vouchers and Supporting Data.

1. The adjustment voucher and supporting forms, if any, shall be prepared as provided in section VII A or B hereof, as the case may be.
2. Each person who was overpaid under the original voucher should be requested to sign a separate statement, in duplicate, setting forth the facts in the case. If any such person's signature cannot be obtained, a statement setting forth the efforts made to secure such person's signature and signed by a member of the county committee shall be attached to the adjustment voucher.
3. Each person who is entitled to payment under the adjustment voucher shall submit a detailed statement, in duplicate, setting forth his opinion of the manner in which the error(s) occurred which resulted in his failure to receive full payment under the original voucher. Where possible, one statement signed by all such persons should be used.
4. The county committee shall submit a detailed explanation of the manner in which the error(s) occurred and the means by which the correct data, as shown on the adjustment voucher, were determined.
5. The adjustment voucher, together with the original of such statements, shall be approved and forwarded to the State office in the manner prescribed in connection with the original refund voucher.

SECTION X - WHERE THE PAYEE IS DECEASED OR HAS BEEN ADJUDGED INCOMPETENT

A. Persons Who May File a Claim for the Proceeds of Checks Drawn Payable to Deceased or Incompetent Payees.

1. Any person, whether administrator, executor, an heir, next of kin, or creditor of the decedent, or custodian, guardian, or committee of or relative responsible for the incompetent, or otherwise, shall be allowed to file a claim.

B. Method of Filing a Claim.

1. Any claim for the proceeds of a check drawn to the order of a deceased or incompetent payee shall be made on Standard Form 1055, "Application for Payment of Amounts Due Deceased or Incompetent Civilian Employees, Officers, and Enlisted Men in the Military Service, and Public Creditors of the United States," which form is to be executed in duplicate. The check should be described in paragraph 4. (Form ACP-103, "Application for Payment of Amounts Due Producers Who Have Died, Disappeared, or Have Been Declared Incompetent," is not applicable to cotton marketing quotas.) Inasmuch as form 1055 will not pass through the Preaudit Office of the GAO but will be handled by the Claims Division of the GAO, the county committee will not be required to determine who is entitled to claim or in what manner the claim shall be executed. The claim will be developed by the Claims Division when it is submitted to it through the proper channels.
2. The original and duplicate copies, together with any related papers, shall be forwarded to the State office.

SECTION XI. - RECORDS OF RETURNED TREASURY CHECKS, COLLECTIONS OF OVERPAYMENTS, ADJUSTMENT VOUCHERS, AND CLAIMS

A. Preparation of Form Cotton 356.

1. A separate form Cotton 356 shall be prepared, with respect to each marketing year beginning with the marketing year 1939-1940, as a record of (1) returned Treasury checks issued pursuant to Standard Form 1047, (2) collections of overpayments made pursuant to Standard Form 1047, (3) adjustment vouchers, and (4) claims on Standard Form 1055 for the proceeds of Treasury checks issued pursuant to Standard Form 1047.

2. Enter above the title the applicable marketing year, followed by the words "Record of Returned Treasury Checks, Collections of Amounts of Overpayments, Adjustment Vouchers, and Claims."
Comment: The record of returned Treasury checks and collections of overpayments will be made on the form Cotton 356 for the marketing year with respect to which the Standard Form 1047 was prepared. For example, a Treasury check or collection of overpayments made pursuant to a Standard Form 1047 disbursing collections made with respect to the marketing of cotton during the 1939-1940 marketing year will be recorded on the form Cotton 356 prepared as above for that marketing year although the check was issued or the overpayment was collected during the 1940-1941 marketing year. 7

B. Record on Form Cotton 356 of Returned Treasury Checks.

1. If a check is returned to the DO for any reason,
 - (a) Use columns (6) through (9) for entering the name of the payee.
 - (b) Enter in column (10) the date such check was returned.
 - (c) Make no entry in column (11).
 - (d) Make no entry in column (12).
 - (e) Enter in column (13) the farm serial number as shown on the Standard Form 1047 (or 1048) pursuant to which the check was issued.
 - (f) Enter in column (14) the amount of the check.
 - (g) Enter in column (15) the number of the check.
2. If the check is returned to the county office for delivery to the payee in accordance with section III hereof,
 - (a) Enter in column (16) the date the check is delivered.
 - (b) Enter in column (17) the farm serial number.
 - (c) Enter in column (18) the check number
 - (d) Make no entry in column (19).

- (e) Enter in column (20) the name of the payee.
- (f) Enter in column (21) the amount of the check.

3. If the check is canceled and the proceeds are to be disposed of as provided in section VII,

- (a) Enter in column (16) the date the adjustment voucher or letter, as the case may be, is approved and forwarded to the State office.
- (b) Enter in column (17) the farm serial number.
- (c) Enter in column (18) the number of the returned Treasury check.
- (d) Enter in column (19) the serial number of the adjustment voucher, if any.
- (e) Enter in column (20) the name of each payee as shown by the adjustment voucher, and if any part of the proceeds of the check represents penalties incurred, also enter the words "Penalties Account."
- (f) Enter in column (21) the amount to be paid to each respective payee and the amount to be transferred to the penalties account.

4. If the check was returned to the DO because the payee has died or has been declared incompetent,

- (a) Enter in column (16) the date the Standard Form 1055 is forwarded to the State office.
- (b) Enter in column (17) the farm serial number.
- (c) Enter in column (18) the number of the Treasury check.
- (d) Make no entry in column (19).
- (e) Enter in column (20) the name of each claimant as shown on Standard Form 1055.
- (f) Enter in column (21) opposite the name of the last claimant, as recorded in column (21), the amount claimed.

C. Record of Collection of an Overpayment or Erroneous Payment.

1. If an overpayment or erroneous payment was made to any person pursuant to a Standard Form 1047 and the amount of the excess or erroneous payment has been collected in any manner,
 - (a) Enter in column (10) the date such collection was made. (If collected by set-off, enter the date of the notice received from the State office advising that a set-off has been made.)
 - (b) Enter in column (11) the serial number of the Standard Form 1044-Revised or 1096, as the case may be (to be taken from the notice received from the State office.)
 - (c) Make no entry in column (12).
 - (d) Enter in column (13) the farm serial number as shown on the Standard Form 1047 (or 1048) pursuant to which the overpayment or erroneous payment was made.
 - (e) Enter in column (14) the amount of the collection.
 - (f) Enter in column (15) the number of the Treasury check representing the overpayment or erroneous payment.
2. If the proceeds of the collection are to be disposed of as provided in section VII, execute columns (16) through (21) as provided in paragraph B3 of this section.

/S/ N.E. Dodd
Acting Administrator

